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SUBJECT: TERRORISM FINANCE: UNSCR 1617 IMPLEMENTATION

REF: (A) STATE 145310; (B) WELLINGTON 160

1. Summary: The New Zealand government announced August 12 that a FATF evaluation confirmed the need for more regulation of the country's financial sector to safeguard against money laundering and terrorist financing. Post issued a news release welcoming that announcement, as part of our action plan to support New Zealand's efforts to combat terrorist financing. End summary.

2. As requested in ref A, post's Country Team met August 10 to discuss how we could take advantage of the passage of UN Security Council Resolution 1617 and develop an action plan to engage the New Zealand government and private sector in initiatives supporting efforts to combat terrorist financing. As a result, the Country Team decided to issue a media statement acknowledging New Zealand's fight against terrorism and welcoming a government announcement expected August 12 on a report on New Zealand by the Financial Action Task Force (FATF) and the Asia/Pacific Group on Money Laundering (APG). Post's media statement is reprinted in Paragraph 9.

3. In their "Report on Observance of Standards and Codes," FATF and APG said that New Zealand's legislative measures for combating money laundering and terrorist finance were "generally sound" and that foundations for an effective preventive system were in place. The report said, however, that some minor legislative and regulatory changes could enhance the system. In particular, it recommended that a system be introduced to supervise and monitor compliance by financial and other institutions with their obligations to combat money laundering and terrorist financing. The report noted that New Zealand is not a major financial center and that no evidence of terrorist financing activity has been uncovered. The report summarized the level of New Zealand's compliance with the FATF 40-plus-9 recommendations.

4. Minister of Justice Goff reported in a statement August 12 that the FATF evaluation of New Zealand's financial sector had confirmed that "planned regulation announced early this year is needed to fully safeguard against money laundering and terrorist financing." He noted that, while the financial sector had been extensively deregulated in the 1980s and 1990s, the FATF evaluation outlined the need for some re-regulation.

5. In February, Goff announced legislation to implement controls over the financial sector to meet FATF requirements (ref B). In June, he introduced a bill addressing FATF recommendations on dealing with the proceeds of crime. The government is seeking comments from the financial sector on the proposed regulations.

6. The proposed regulations include: a comprehensive monitoring framework to ensure all financial institutions meet standards for countering money laundering and terrorist financing; a registration regime governing money transfer or currency change services; statutory requirements for financial institutions to comply with customer due diligence and to implement internal anti-money laundering systems and procedures; and, a requirement for financial institutions to obtain, verify and retain information on the identity of the originators of wire transfers.

7. The Dominion Post newspaper on August 13 reported on Goff's announcement and noted the U.S. Embassy's statement, saying that the Embassy welcomed the announcement.

8. Comment: The New Zealand government has been diligent in working to update its anti-terrorism law and to comply with the FATF 40-plus-9. It also is conducting a review of its anti-terrorism law, which is scheduled to be completed by December 1. End comment.

9. Embassy Wellington's media statement, August 12:

Begin statement:

The United States acknowledges New Zealand's continued commitment to thwart terrorism and welcomes the progress outlined by Minister Goff this morning.

"New Zealand demonstrates a clear understanding of the importance of international cooperation in the areas of money laundering and terrorist financing and recognizes that it is our shared interests to work together to combat such criminal activities," said U.S. Chargé d'Affaires David Burnett.

New Zealand's continued technical and training assistance in the Pacific region is also deeply valued by the United States and other members of the international community.

"The United States enjoys working with New Zealand to assist other countries in the region and we look forward to continuing to do so," Mr. Burnett added.

The United States also welcomes the recent unanimous UN Security Council adoption of Resolution 1617, reaffirming and strengthening international sanctions on Al Qaeda, the Taliban, and their associates.

"The U.S. worked closely with other members of the Security Council in the drafting of the Resolution, and we look forward to deepening our partnership with the United Nations, New Zealand and with governments around the world to implement its provisions," said Mr. Burnett.

Resolution 1617 improves the international community's efforts to combat terrorism by more clearly identifying terrorists who are subject to UN sanctions, by endorsing an effective set of standards and practices for implementing the financial sanctions imposed on them, and by facilitating cooperation among various counter-terrorism committees and bodies. It also extends the mandate of the Analysis and Monitoring Team, which helps the Council oversee the implementation of these sanctions.

Resolution 1617 carries forward a consolidated list of terrorists tied to the Taliban, Osama bin Laden, and Al Qaeda. Inclusion on the list triggers international obligations upon all UN member countries, requiring them to freeze the assets and prevent the travel of listed individuals and to block the sale of arms and military equipment.

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